

Financial Report

Lafourche Parish Communications District

Raceland, Louisiana

December 31, 2001

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Lafourche Parish Communications District

December 31, 2001

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Lafourche Parish Communications District,
Raceland, Louisiana.

We have audited the accompanying general-purpose financial statements of the Lafourche Parish Communications District (the District), a component unit of the Lafourche Parish Council, State of Louisiana, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Parish Communications District, as of December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2002, on our consideration of the Lafourche Parish Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
March 1, 2002.

**COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS**

Lafourche Parish Communications District

December 31, 2001

	Governmental Fund Type General	Account Groups General Fixed Assets	General Long-term Debt	Total (Memorandum Only)
ASSETS AND OTHER DEBITS				
Assets				
Cash	\$ 2,354,525	\$ -	\$ -	\$ 2,354,525
Investments	76,996	-	-	76,996
Receivables	142,400	-	-	142,400
Fixed assets		496,549		496,549
Other Debits				
Amount to be provided for retirement of general long-term debt	-	-	1,500,000	1,500,000
Total assets and other debits	<u>\$ 2,573,921</u>	<u>\$ 496,549</u>	<u>\$ 1,500,000</u>	<u>\$ 4,570,470</u>
LIABILITIES AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued expenditures	\$ 30,456		\$ -	30,456
Bond payable	-		1,500,000	1,500,000
Total liabilities	<u>30,456</u>		<u>1,500,000</u>	<u>\$ 1,530,456</u>
Equity and Other Credits				
Investment in general fixed assets		\$ 496,549		496,549
Fund balances - unreserved:				
Designated for subsequent year's expenditures	2,419,747	-		2,419,747
Undesignated	123,718	-		123,718
Total equity and other credits	<u>2,543,465</u>	<u>496,549</u>		<u>3,040,014</u>
Total liabilities, equity and other credits	<u>\$ 2,573,921</u>	<u>\$ 496,549</u>	<u>\$ 1,500,000</u>	<u>\$ 4,570,470</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GOVERNMENTAL FUND TYPE - GENERAL FUND**

Lafourche Parish Communications District

For the year ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 789,000	\$ 787,681	\$ (1,319)
Miscellaneous - interest	<u>31,063</u>	<u>34,060</u>	<u>2,997</u>
Total revenues	<u>820,063</u>	<u>821,741</u>	<u>1,678</u>
Expenditures			
Current:			
Public safety:			
Personal services	227,500	222,018	5,482
Materials and supplies	7,700	7,138	562
Other services and charges	229,950	202,841	27,109
Repairs and maintenance	30,000	21,870	8,130
Capital expenditures	<u>103,875</u>	<u>62,271</u>	<u>41,604</u>
Total expenditures	<u>599,025</u>	<u>516,138</u>	<u>82,887</u>
Excess of Revenues Over Expenditures	221,038	305,603	84,565
Other Financing Source			
Proceeds from revenue bonds	<u>1,500,000</u>	<u>1,501,062</u>	<u>1,062</u>
Excess of Revenues and Other Financing Source Over Expenditures	<u>\$ 1,721,038</u>	1,806,665	<u>\$ 85,627</u>
Fund Balance			
Beginning of year		<u>736,800</u>	
End of year		<u>\$ 2,543,465</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Lafourche Parish Communications District**

December 31, 2001

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lafourche Parish Communications District (the District) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Nature of Activities

The District assesses a fixed monthly service charge to customers of local telephone and wireless communication companies providing service in Lafourche Parish. The telephone companies collect the charge then remit those collections to the District. The District uses this service charge to run an emergency 911 system.

b) Reporting Entity

The District was formed by an Act of the State Legislature on July 14, 1983. A board was approved and became effective on October 5, 1989.

The District is a component unit of the Lafourche Parish Council. The District has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

c) Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Fund Accounting (Continued)

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Account Groups

An account group is used to establish accounting control and accountability. The District's Account Groups are as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

General Long-Term Debt Account Group - This account group is used to account for the long-term debt that are not specific liabilities of proprietary or trust funds.

Long-term debt consists of the revenue bonds issued during the year ended December 31, 2001 for the purpose of providing funds for constructing an operations center and implementation of the requirements of Act 1029 of the Louisiana State Legislature.

d) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Basis of Accounting (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is the accumulated unpaid vacation, sick pay and other employee amounts which are not accrued.

e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the District's Board of Commissioners (the Board) adopted a budget for the General Fund. The public hearings and advertisements, which are required by State Law, were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures at the functional level must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

g) Accounts Receivable

The financial statements of the District contain no allowance for uncollectible accounts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the General Fund.

h) Investments

Investments consist of certificates of deposit and are stated at cost, which approximates market value.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other fixed assets. No depreciation has been provided on fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Fixed assets with an estimated historical cost amounted to \$20,000 or 4% of the total General Fixed Assets Account Group.

j) Vacation and Sick Leave

Vacation and sick leave are determined by length of service for full-time employees as follows:

1 - 3 years	1 week vacation and 1 week sick leave
3 - 9 years	2 weeks vacation and 2 weeks sick leave
10 years or more	3 weeks vacation and 3 weeks sick leave

Vacation and sick leave must be used by their anniversary date. Vacation is paid to employees upon termination of employment; sick leave is not paid. There is no material accumulated balance of unpaid leave as of December 31, 2001.

k) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

l) Fund Equity

The designated fund balance represents tentative plans for future use of financial resources that are subject to change.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Memorandum Only - Total Column

The total column on the general-purpose financial statement is captioned "Memorandum Only" because it does not represent consolidated financial information and is presented only to facilitate financial analysis. The column does not present information that reflects financial position or results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments.

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

Note 2 - DEPOSITS (Continued)

The year end balances of deposits are as follows:

	Bank Balances			
	Category			Book
	1	2	3	Balance
Cash	\$100,000	\$ -	\$2,181,339	\$2,354,525
Investments:				
Certificates of deposit	<u>76,996</u>	<u>-</u>	<u>-</u>	<u>76,996</u>
Totals	<u>\$176,996</u>	<u>\$ -</u>	<u>\$2,181,339</u>	<u>\$2,431,521</u>

At December 31, 2001, cash in excess of the FDIC insurance was collateralized by securities held by unaffiliated banks for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance January 1, 2001	Addi- tions	Dele- tions	Adjust- ments	Balance December 31, 2001
Building	\$104,970	\$ -	\$ -	\$ -	\$104,970
Equipment	306,268	18,932	-	(7,394)	317,806
Office furniture and equipment	22,611	1,195	-	(7,177)	16,629
Vehicle	-	18,875	-	-	18,875
Construction in progress	<u>15,000</u>	<u>38,269</u>	<u>(15,000)</u>	<u>-</u>	<u>38,269</u>
Totals	<u>\$448,849</u>	<u>\$77,271</u>	<u>\$(15,000)</u>	<u>\$(14,571)</u>	<u>\$496,549</u>

Construction in progress consists of costs associated with the new building to be constructed. Adjustments are due to an inventory and new capitalization policy.

Note 4 - LONG-TERM DEBT

On September 1, 2001, the District issued \$1,500,000 of special revenue bonds, series 2001. The serial bonds carry interest rates of 5.10% and mature on September 1, 2016.

The following is a summary of the bond transactions of the District for the year ended December 31, 2001:

Bonds payable at January 1, 2001	\$ -
Bonds issued	<u>1,500,000</u>
Bonds payable at December 31, 2001	<u>\$1,500,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2001 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 65,000	\$ 76,500	\$ 141,500
2003	70,000	73,185	143,185
2004	75,000	69,615	144,615
2005	80,000	65,790	145,790
2006	85,000	61,710	146,710
2007 - 2011	490,000	239,700	729,700
2012 - 2016	<u>635,000</u>	<u>100,470</u>	<u>735,470</u>
Totals	<u>\$1,500,000</u>	<u>\$686,970</u>	<u>\$2,186,970</u>

Note 5 - CENTRAL FIRE STATION LEASE

A lease with Lafourche Parish Fire Protection District No. 1, which allows the District use of office space in the Central Fire Station, is automatically renewed indefinitely with each party having the option to terminate at any time. The lease was in effect for 2001 and the rental expense for 2001 was \$10,800.

Note 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 7 - CONTINGENT LIABILITIES

A legal action has been filed against the District for the wrongful death of a small child. The case, which was filed December 29, 1993, is in discovery and it is not possible at this time to determine what liabilities, if any, the District might be responsible. The Lafourche Parish Sheriff's Office was operating the system at the time of the alleged incident and it is not known what if any liabilities, they would have. If it is determined that the District is liable in some respect, management believes it may be covered by its liability insurance. Accordingly, no provision for any liability that may arise from the litigation has been made in the accompanying financial statements.

Note 8 - COMMITMENT

The Federal Communications Commission (FCC) and the Louisiana State Legislature have issued rulings and statutes requiring wireless telecommunication providers to provide the number and location of the caller to the communications district when a caller accesses 911. State statutes require the caller location service to be operating within one year of collecting a consumer fee for the service.

Proceeds from the consumer service charge, \$343,662 for the year ended December 31, 2001, shall be used for the payment of service provider and district costs associated with system implementation. The District implemented the rulings and has begun collecting the service charge effective January 1, 2000. However, the district shall not make payments to service providers unless there is a cooperative endeavor agreement between the district and the provider delimiting the cost of implementation. The District has completed cooperative endeavor agreements with four providers and is in the process of negotiating agreements with the remaining three providers. Management believes all required agreements will be completed in the year ending December 31, 2002 and has included estimated service provider costs of \$100,000 in designated fund balance described in Note 11).

Note 9 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to members of the Board of Commissioners for the year ended December 31, 2001.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Lafourche Parish Communications District,
Raceland, Louisiana.

Our report on our audit of the general-purpose financial statements of the Lafourche Parish Communications District (the District) for the year ended December 31, 2001 appears on page 1. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. The information, contained in Schedules 1 through 3 has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements for the year ended December 31, 2001 taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the balance sheets of the Lafourche Parish Communication District as of December 31, 2000 and 1999 and the related statements of revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2000 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in Schedules 1 through 3 for the years ended December 31, 2000 and 1999 is fairly stated in all material respects in relation to the general-purpose financial statements from which it has been derived.

The information contained in Schedules 4 and 5, which is of a nonaccounting nature, is not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information and do not express any assurances on such information.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
March 1, 2002.

SCHEDULE OF REVENUES AND EXPENDITURES**Lafourche Parish Communications District**

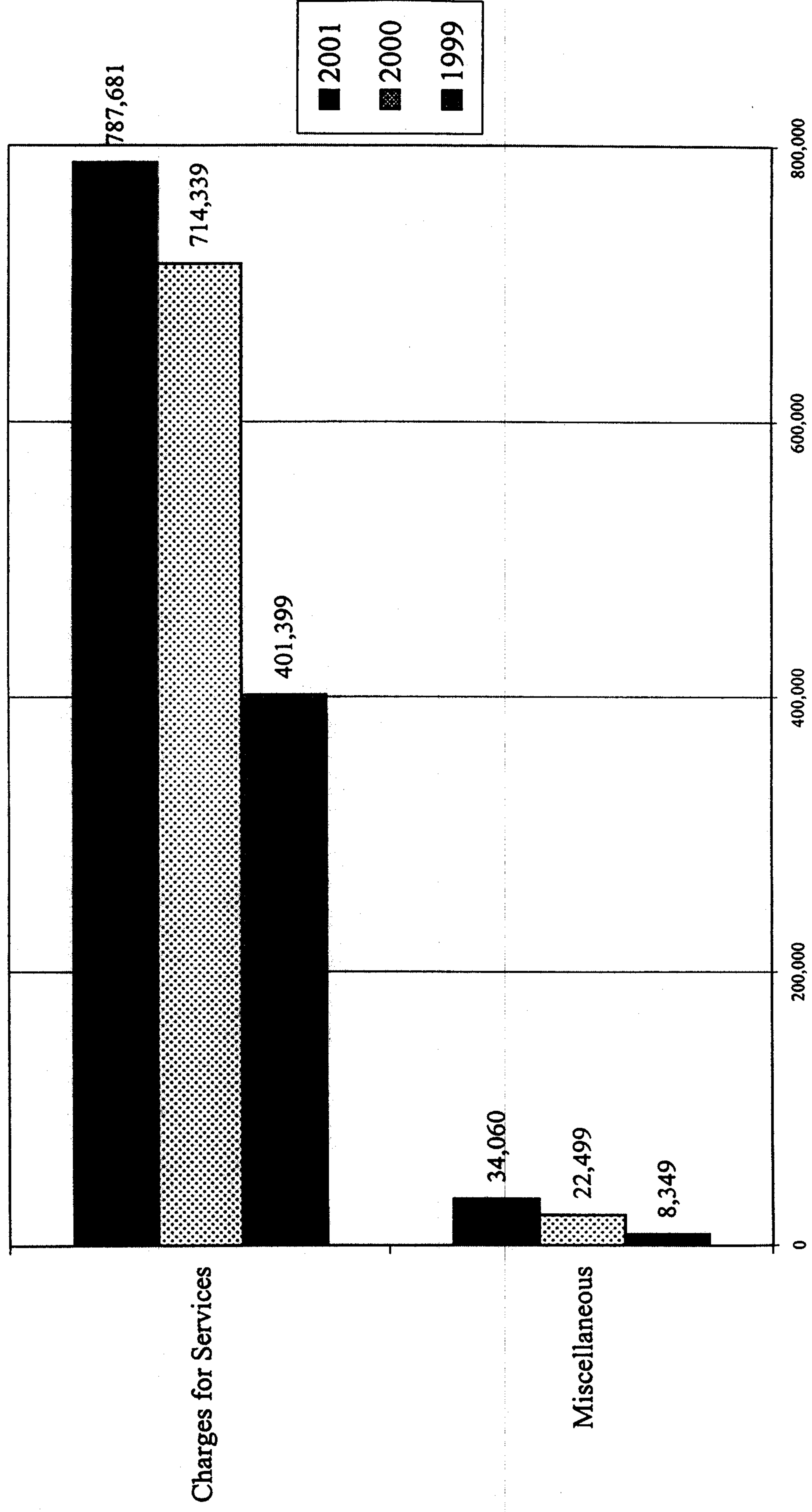
For the years ended December 31, 2001, 2000 and 1999

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenues			
Charges for Services	\$ 787,681	\$ 714,339	\$ 401,399
Miscellaneous	<u>34,060</u>	<u>22,499</u>	<u>8,349</u>
Total revenues	<u>\$ 821,741</u>	<u>\$ 736,838</u>	<u>\$ 409,748</u>
Expenditures			
Personal services	\$ 222,018	\$ 150,763	\$ 149,161
Materials and supplies	7,138	5,865	4,487
Other services and charges	202,841	136,640	132,192
Repairs and maintenance	21,870	12,570	14,513
Capital expenditures	<u>62,271</u>	<u>66,174</u>	<u>142,896</u>
Total expenditures	<u>\$ 516,138</u>	<u>\$ 372,012</u>	<u>\$ 443,249</u>

REVENUES

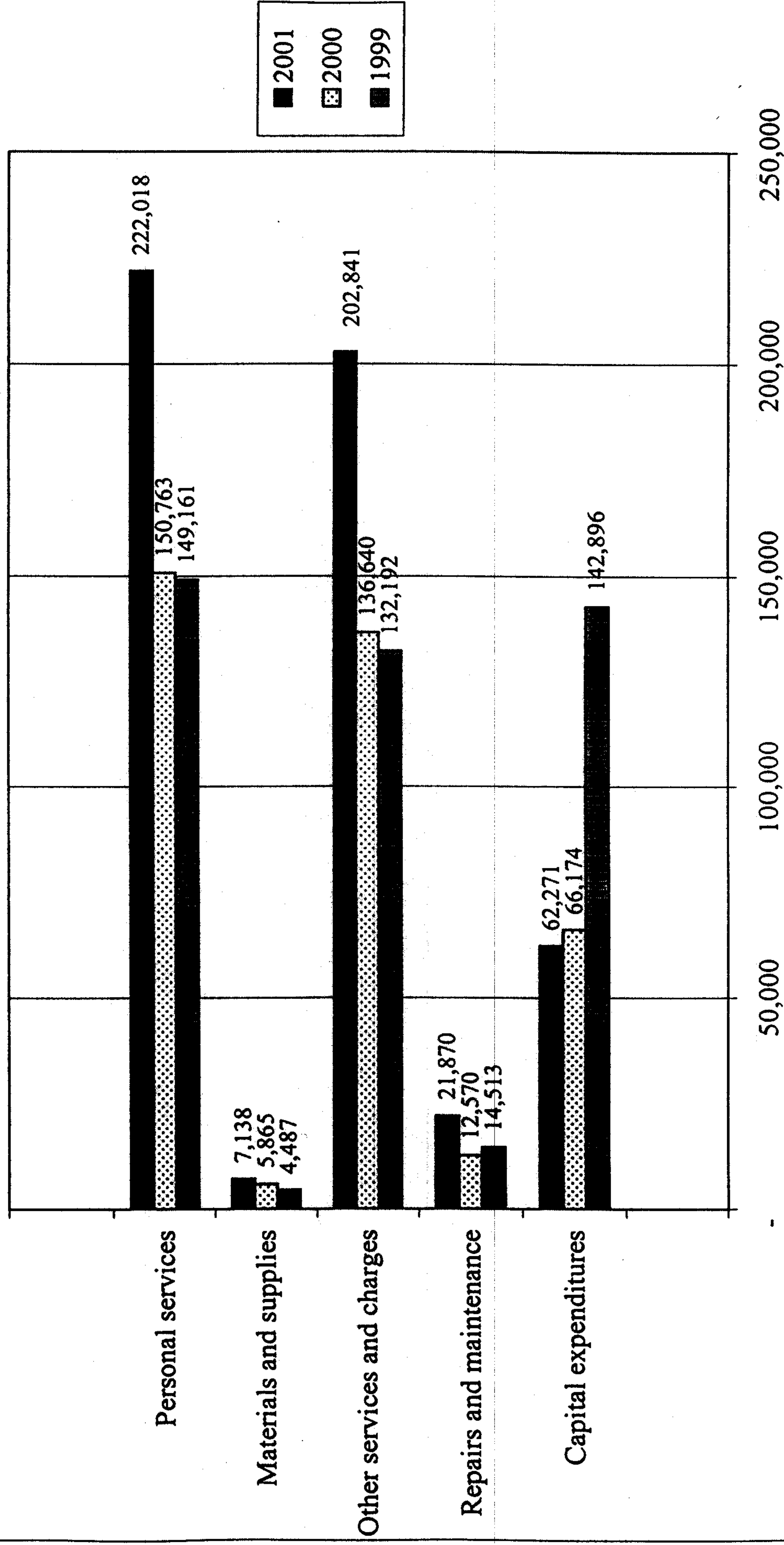
Lafourche Parish Communications District

For the years ended December 31, 2001, 2000 and 1999



EXPENDITURES**Lafourche Parish Communications District**

For the years ended December 31, 2001, 2000 and 1999



**STATUS OF PHASE ONE IMPLEMENTATION OF
WIRELESS E911 SERVICE**

Lafourche Parish Communications District

December 31, 2001

(Unaudited)

The Louisiana State Legislature has enacted Act 1029 (the Act), to amend and reenact Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109 relative to communication districts. The Act effective January 1, 2000 authorizes Louisiana Communication Districts to establish, by resolution of the Board of Commissioners, the ability to collect an emergency telephone service charge in the amount of \$0.85 per wireless user per month levied on wireless users of Commercial Mobile Radio Service (CMRS) who can access the 911 emergency telephone number system. Phase One requires CMRS carriers to implement locational services and have the capability to assign wireless calls usable numbers for callback and forwarding uninterrupted calls.

The purpose of the Act is to provide a funding mechanism to cover the costs of implementing enhancements to the emergency 911 telephone system for cellular and other wireless telephone users as provided by the Federal Communications Commission in Matter #94-102. Enhancements will automatically provide the wireless telephone number and wireless tower location of the wireless caller to the district when a caller accesses the 911 system. Although these enhancements currently exist for persons dialing from "landline telephones," certain technological enhancements must be made in order to provide this information from wireless devices. The districts are required to negotiate and enter into a cooperative endeavor agreement provided for by the Act with each CMRS carrier to ensure that the service charge is collected, remitted and the service enhancements are implemented. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the CMRS carriers providing service within the district within one year of the initial levy of the service charge. Proceeds received shall be used for payment of CMRS carrier and district costs associated with the implementation of Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district.

The Lafourche Parish Communications District (the District) notified each CMRS carrier by certified letter of the adoption by the Board of Commissioners of Resolution No. 99-09-01 which levied an emergency telephone service charge of \$0.85 per month per wireless CMRS connection as of January 1, 2000. The District then sent a letter to each CMRS carrier concerning signing a cooperative endeavor agreement. As of December 31, 2001, the District has completed cooperative endeavor agreements with four CMRS carriers, out of a total of seven. The District is in negotiations with the remaining three CMS carriers.

**STATUS OF PHASE ONE IMPLEMENTATION OF
WIRELESS E911 SERVICE**

The CMRS carriers have been remitting the wireless E911 service charges collected from the CMRS connections (customers) beginning January 1, 2000. Remittance for service charges have begun for the four of the CMRS carriers that have signed cooperative endeavor agreements with the District. The remaining three CMRS carriers that have not agreed on a cooperative endeavor agreement have not been paid any service charges by the District because no district shall make payment of CMRS carrier costs associated with the implementation of Phase One enhancements required unless there is a cooperative endeavor agreement between the district and the CRMS carrier delimiting the cost of implementation to be recovered.

The District, as well as Communications Districts state-wide, has had problems implementing Phase One. The District has been unsuccessful due to numerous corporate mergers and CMRS carriers that have established unreasonable non-recurring or recurring costs without justification, or have refused to participate in cooperative endeavor agreement negotiations. Although the District has encountered problems concerning Phase One implementation, wireless users have maintained access through the CMRS carriers to the 911 system and the District's management believes all required agreements will be completed in the year ending December 31, 2002.

The District intends to recover the costs of additional staff hired to handle additional call volume with the wireless revenues, as well as, recover other costs related to the new wireless requirements. Other wireless costs include the service charge that will be assessed by the CMRS carriers based on the cost of updating their technology to implement the enhancement phase. The remittance of these costs depends on the signing of the cooperative endeavor agreements. The schedule of wireless revenues and use of wireless revenues can be found in Schedule 5 as required by the Act.

**SCHEDULE OF REVENUES DERIVED FROM THE WIRELESS E911
SERVICE CHARGE AND THE USE OF SUCH REVENUES**

Lafourche Parish Communications District

For the year ended December 31, 2001

(Unaudited)

	<u>Wireless</u>
Revenues	
Charges for services	\$ 343,662
Miscellaneous	<u>14,860</u>
Total revenues	<u>358,522</u>
Expenditures	
Current:	
Public safety:	
Personal services	104,792
Materials and supplies	3,369
Other services and charges	95,741
Repairs and maintenance	10,323
Capital expenditures	<u>29,392</u>
Total expenditures	<u>243,617</u>
Excess of Revenues Over Expenditures	<u><u>\$ 114,905</u></u>

Note: Allocation of wireless expenditures was determined by applying the percentage of wireless calls to total calls. The number of total calls and wireless calls was furnished to us by the District's management.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Lafourche Parish Communications District,
Raceland, Louisiana.

We have audited the general-purpose financial statements of Lafourche Parish Communications District (the District), as of and for the year ended December 31, 2001, and have issued our report thereon dated March 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the Schedule of Findings as item 01-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might

be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
March 1, 2002.

SCHEDULE OF FINDINGS

Lafourche Parish Communications District

For the year ended December 31, 2001

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

b) Federal Awards

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2001.

Section II Financial Statement Findings

- 01-1 **Criteria** - The Federal Communications Commission (FCC) via FCC Matter 94-102, enacted July, 1996, set distinct requirements for making wireless 911 more compatible with existing 911 wireline systems and stipulates the necessity for the establishment of a cost recovery mechanism for both wireless service suppliers and 911 districts. The Louisiana State Legislature enacted Act 1029 to address the issue of a cost recovery mechanism for Phase One of the FCC order, and was made effective January 1, 2000 as amendments and reenactments to Louisiana Revised Statutes 33:9101, 9102, 9103, 9105, 9106 and 9109. The Act authorizes Louisiana Communication Districts the ability to establish, by resolution of the Board of Commissioners or Ordinance of the Parish's governing authority, the amount of \$0.85 per wireless user per month to be collected and remitted to the appropriate district for said purpose. Proceeds shall be used first for payment of wireless service suppliers and district costs associated with the implementation of enhancements required in Phase One. Any funds collected in excess of those necessary to pay costs of such enhancements may be expended for any lawful purpose of the district. Phase One requires implementing enhancements that will provide the number and location of the wireless caller to the communications district when a caller accesses 911. The District will be required to pay a one-time non-recurring fee per subscriber at a rate specified by the service supplier. A monthly recurring charge will be paid to the service supplier by the district to help cover the

SCHEDULE OF FINDINGS
(Continued)

Lafourche Parish Communications District

For the year ended December 31, 2001

Section II Financial Statement Findings

01-1 (Continued)

service supplier's enhancement costs at a specified rate per subscriber. The service suppliers will not be able to receive the monthly recurring charges until a cooperative endeavor agreement has been signed. For any district having a population of not less than thirty thousand persons as of the most recent federal decennial census, the enhancements shall be completed by the district and all of the wireless service suppliers within one year of the initial levy of the service charge.

Statement of Condition - During the audit it was noted that as of December 31, 2001 there were four signed cooperative endeavor agreements, out of a total of seven suppliers. The District is still in negotiations with the other suppliers. Phase One was not complete within the first year of the initial levy of the service charge. These four service suppliers have not received any service charge payments by the District because no district shall make payment of a service suppliers costs associated with the implementation of Phase One enhancements required by such an order unless there is a cooperative endeavor agreement between the district and the supplier delimiting the cost of implementation to be recovered. Although the service suppliers have not yet provided Phase One information to the District, wireless users have maintained access to the 911 system.

Cause and Effect - The District notified each service supplier by certified letter of the adoption by the Board of Commissioners of Resolution No. 99-09-01 which levied an emergency telephone service charge of \$0.85 per month per wireless service subscriber. In compliance with the Act, the District also sent a letter to each service supplier concerning signing a cooperative endeavor agreement. Three of the service suppliers have not signed an agreement.

SCHEDULE OF FINDINGS
(Continued)

Lafourche Parish Communications District

For the year ended December 31, 2001

Section II Financial Statement Findings

01-1 (Continued)

Recommendation - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana State Legislative Act 1029.

Views of Responsible Officials of the Auditee when there is Disagreement with the Finding, to the Extent Practical - None

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Lafourche Parish Communications District

For the year ended December 31, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2000.
No reportable conditions were reported during the audit for the year ended December 31, 2000.

Compliance

00-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana Act 1029.

Management's Response - Partially resolved, the District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, however, Phase One is not complete.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2000.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2000.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Communications District

For the year ended December 31, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

01-1 **Recommendation** - The District needs to seek a timely lawful resolution to implementing Phase One of FCC Matter 94-102 and Louisiana Act 1029.

Management's Corrective Action Plan - The District has begun to remit the necessary service charges to the service suppliers that have signed cooperative agreements, and are currently in negotiations with the other three service suppliers.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Communications District did not receive federal awards during the year ended December 31, 2001.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2001.